

## Alaska Oil and Gas Association

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*Marilyn Crockett, Executive Director*

April 1, 2008

Mr. Dan Mahar  
Environmental Protection Agency, Region 10  
1200 Sixth Avenue, Suite 900, AWT-107  
Seattle, WA 98101

Re: Alaska Outer Continental Shelf Air Quality Control Minor Permit Approval to Construct  
No. R10OCS-AK-07-01(Revised) ("Proposed Shell Air Permit")

Dear Mr. Mahar:

The Alaska Oil and Gas Association (AOGA) is a private, non-profit trade association located in Anchorage, Alaska. Its 17 member companies represent the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska. AOGA has an active and ongoing interest in all regulatory and administrative actions affecting oil and gas exploration activities in Alaska and on the Alaska Outer Continental Shelf ("OCS"). As such, AOGA is submitting these comments regarding EPA's proposed issuance of the above-referenced Clean Air Act minor source permit to Shell Offshore Inc.

In general, AOGA supports EPA's issuance of the Proposed Shell Air Permit. More specifically, however, AOGA provides the following comments on EPA's approach and the terms of the permit:

- **AOGA supports EPA's conclusion that the stationary source subject to permitting should be defined as the "exploratory operation' that occurs for each individual Planned well," including any necessary Relief and Replacement Wells.** *See, e.g.,* Proposed Shell Air Permit Supplemental Statement of Basis ("Statement of Basis") at Section 1.0, p. 3, Sections 2.4.2.1 to 2.4.2.2, pp. 10-16; Proposed Shell Air Permit at Section 1.6, p. 4; Section 8, p. 11. EPA's explanation in support of that conclusion accurately reflects the uniqueness and independence of each exploration well. *See* Statement of Basis, Section 2.0. EPA also accurately describes how and why exploration wells are located: each well is intended to provide unique information. *See, e.g.,* Statement of Basis at Section 2.2, p. 6; Statement of Basis at Section 2.4.2.2, pp. 12-16. Because of the significant investments required to drill each well, exploration wells are carefully placed to target different accumulations of resources – as EPA observes, "to ensure that no two wells provide duplicate information." *See* Statement of Basis at Section 2.2, p. 8.

- **AOGA supports EPA's determination that a synthetic minor source permit is appropriate for the exploratory operations to be conducted by Shell.** *See, e.g.*, Proposed Shell Air Permit at Sections 8-10, pp. 11-17; Outer Continental Shelf Pre-Construction Air Permit Application, Shell Kulluk 2007-2009 Beaufort Sea Exploratory Drilling Program ("Permit Application") at Section 3.3, p. 12, Section 3.5, p. 13, and Section 3.6, p. 13; Statement of Basis at Section 1.0, p.3, Section 2.5, p. 18. Minor source permitting for these types of sources is fully protective of air quality and may in many instances actually result in reduced overall emissions in comparison to major source permitting. In addition, minor source permitting for these types of operations can reduce the administrative and regulatory burden on EPA and further EPA's and industry's collective interest in efficient and effective future permitting of OCS operations.
- **AOGA supports EPA's use of the 2007 EPA Guidance Memorandum, "Source Determinations for Oil and Gas Industries," ("Oil and Gas Memorandum")** *see* Statement of Basis at Section 2.4.2.2, p. 15, and encourages EPA's greater reliance on it with respect to future permitting efforts. The Memorandum addresses the specific circumstances of the oil and gas industry, and, as EPA's analysis here confirms, provides a method for resolving issues of source determination under the Clean Air Act that is consistent with the statute and EPA's regulatory obligations. Because it provides for a clear proximity test, it offers some additional predictability to the regulated community and, if relied upon in future permitting, could streamline what could otherwise be an extremely resource-intensive process on the part of the Agency.

AOGA appreciates the opportunity to comment on the Proposed Shell Air Permit and supporting materials and would like to be included in any future public communications to interested parties regarding the Permit. Should you require any further information, please contact Sami Glascott, Regulatory Affairs Representative, at 907-272-1481.

Sincerely,



MARILYN CROCKETT  
Executive Director